

Message Text

CONFIDENTIAL

PAGE 01 STATE 289641

60

ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 OMB-01 CIAE-00 INR-07

NSAE-00 FEA-01 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00

DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 ACDA-07 /100 R

DRAFTED BY NEA/PAB:JPMULLIGAN;;N

APPROVED BY NEA:PWLANDE

EB/IFD/ODF:RKAUZLARICH

EB/ORF/FSE:GRASE

----- 003774

R 252200Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

C O N F I D E N T I A L STATE 289641

E.O. 11652: GDS

TAGS: ENRG, EINV, PK, US

SUBJECT: GULF OIL EXPLORATION/DEVELOPMENT PROPOSAL

1. SUMMARY: GULF OIL REPRESENTATIVES HAVE INFORMED DEPARTMENT OF PROGRESS MADE WITH PROPOSAL DURING RECENT VISIT OF GULF TEAM TO PAKISTAN. COMPANY NOW PLANS TO SEND TECHNICAL TEAM TO PAKISTAN ABOUT DECEMBER 1. GULF REGARDS IBRD PARTICIPATION FROM BEGINNING AS ESSENTIAL ELEMENT IN FURTHERING PROPOSAL, AND IS ALSO LOOKING FOR EQUITY PARTNER FROM AN ARAB COUNTRY IN REGION.

2. HERBERT HANSEN AND OTHER GULF REPRESENTATIVES CALLED ON ACTING DEPUTY ASSISTANT SECRETARY LANDE NOVEMBER 18 TO BRIEF DEPARTMENT ON DISCUSSIONS HELD BY GULF TEAM IN PAKISTAN OCTOBER 29 TO NOVEMBER 5.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 289641

3. HANSEN GAVE DEPARTMENT COPY OF MEMORANDUM OF DISCUSSIONS BETWEEN OGDC AND GULF OIL CORPORATION (SIGNED JOINTLY BY HANSEN AND SHEHZAD SADIQ, CHAIRMAN OGDC, ON NOVEMBER 5, 1976), AND OCTOBER 22 SUMMARY OF PROPOSED JOINT VENTURE IN PAKISTAN. HANSEN FORMALLY REQUESTED AND DEPARTMENT AGREED TO PROTECT THIS INFORMATION AS BEING PROPRIETARY AND CONFIDENTIAL.

4. MEMO REPORTS GULF TEAM VISITED PAKISTAN TO DISCUSS POSSIBILITY OF AN EQUITY PARTNERSHIP BETWEEN GULF AND OGDC. UNDER PROPOSAL, GULF WOULD PROVIDE RISK CAPITAL, TECHNICAL EXPERTISE AND PERSONNEL FOR LARGE SCALE EXPLORATION AND DEVELOPMENT FOR OIL AND GAS IN PAKISTAN. IN ADDITION, IBRD WOULD BE REQUESTED BY PAKISTAN TO BECOME INVOLVED FROM THE BEGINNING IN ARRANGING TO FINANCE PAKISTAN'S OIL DEVELOPMENT IN THE EVENT OF SUCCESSFUL DISCOVERIES.

5. TECHNICAL AND FINANCIAL TALKS HELD IN KARACHI WERE SATISFACTORY TO GULF AND CONFIRMED THAT OGDC WOULD BE AN ACTIVE AND WELCOME PARTNER IN PROPOSED JOINT VENTURE. IN ADDITION TO APPOINTMENTS ARRANGED (ISLAMABAD 10754) WITH MINISTRY OF FINANCE AND MINISTRY OF FUEL, POWER AND NATURAL RESOURCES, DR. SADIQ AND GULF TEAM ALSO MET IN ISLAMABAD WITH SHAHID HUSSAIN, SPECIAL ASSISTANT TO THE PRIME MINISTER FOR ECONOMIC AFFAIRS, AND WITH ALEXANDER F. KIRK, RESIDENT REPRESENTATIVE FOR IBRD.

6. GULF/OGDC PLAN FOR REACHING JOINT VENTURE AGREEMENT IS OUTLINED IN NOVEMBER 5 MEMORANDUM. (COPY POUCHED ADDRESSEES). GULF WILL NOW SEND A HIGH LEVEL TECHNICAL TEAM TO REVIEW GEOLOGICAL AND GEOPHYSICAL DATA, AND JOINTLY SELECT AREAS OF INTEREST FOR INCLUSION IN JOINT VENTURE. TEAM WILL ARRIVE IN PAKISTAN ABOUT DECEMBER 1. (DETAILS ARRANGED WITH OGDC THROUGH PAKISTAN EMBASSY).

7. OCTOBER 22 SUMMARY PREPARED BY GULF INDICATES WORLD BANK RECEPTIVENESS, DURING PRELIMINARY DISCUSSIONS, TO ASSIST PAKISTAN'S OIL DEVELOPMENT IF THIS COULD NOT GO FORWARD WITHOUT THE BANK'S ASSISTANCE. ROLE ENVISAGED IN PROPOSAL IS THAT OF CATALYST TO ATTRACT INVESTMENT NECESSARY FOR DEVELOPMENT OF SUCCESSFUL DISCOVERIES. BANK'S OWN DIRECT INVESTMENT NEED NOT BE LARGE. IN DISCUSSING PROPOSAL WITH DEPARTMENT, HANSEN STRESSED GULF DESIRE FOR A TRILATERAL AGREEMENT, WITH IBRD INCLUDED FROM THE BEGINNING. HE DOUBTED MEMBERS OF GULF'S BOARD OF DIRECTORS WOULD APPROVE PAKISTAN VENTURE WITHOUT WORLD BANK PARTICIPATION. THE BANK'S INVOLVEMENT, TOGETHER WITH THAT OF A PARTNER FROM AN ARAB OIL COUNTRY, IS SEEN AS ESSENTIAL

CONFIDENTIAL

PAGE 03 STATE 289641

ARY FOR DEVELOPMENT OF SUCCESSFUL DISCOVERIES. BANK'S OWN DIRECT INVESTMENT NEED NOT BE LARGE. IN DISCUSSING PROPOSAL WITH DEPARTMENT, HANSEN STRESSED GULF DESIRE FOR A TRILATERAL AGREEMENT, WITH IBRD INCLUDED FROM THE BEGINNING. HE DOUBTED MEMBERS OF GULF'S BOARD OF DIRECTORS WOULD APPROVE PAKISTAN VENTURE WITHOUT WORLD BANK PARTICIPATION. THE BANK'S INVOLVEMENT, TOGETHER WITH THAT OF A PARTNER FROM AN ARAB OIL COUNTRY, IS SEEN AS ESSENTIAL

PROTECTION AGAINST NATIONALIZATION IN THE EVENT OF A
COMMERCIAL DISCOVERY.

8. HANSEN SAID THAT IN BRIEF MEETING WITH IBRD OFFICIALS
HELD EARLIER THAT MORNING, HE HAD BEEN ENCOURAGED BUT
NOTED THAT GOP MUST REQUEST BANK PARTICIPATION AND NOTH-
ING HAD YET BEEN DONE TO INSURE THIS STEP WAS TAKEN. HE
PLANNED, HOWEVER, TO MENTION THIS LATER IN DAY IN CALL ON
AMBASSADOR YAQUB KHAN AT PAKISTAN EMBASSY.

9. ON PARTNERSHIP, HANSEN SAID GULF HAS ALREADY HAD PRE-
LIMINARY TALKS WITH POTENTIAL PARTNER IN KUWAIT ON BASIS
OF EQUITY SHARE FROM BEGINNING OF THE VENTURE. SIMILAR
TALK HELD WITH SAUDI ARABIAN COMPANY.

10. LANDE CONCURRED IN DEFINITE ADVANTAGE AND PROTECTION
WHICH GULF SEES IN OBTAINING A PARTNER FROM A COUNTRY WITH
GOOD POLITICAL AND REGIONAL TIES TO PAKISTAN. AND ALSO
CONFIRMED DEPARTMENT'S INTEREST IN IBRD'S POTENTIAL ROLE
AS CATALYST IN ATTRACTING INVESTMENT FOR OIL AND GAS DEVE-
LOPMENT IN LDCS SUCH AS PAKISTAN. HE ALSO TOLD HANSEN
THAT IT COULD BE TAKEN AS CERTAIN THE GOP WOULD NOT TAKE
ANY INITIATIVE WITH THE WORLD BANK UNTIL THE GULF/OGDC
PROPOSAL WAS APPROVED, AT LEAST IN PRINCIPLE, BY PRIME
MINISTER BHUTTO HIMSELF. HE AGREED IT WOULD BE IN GULF'S
INTEREST, HOWEVER, TO REVIEW THE NEED FOR GOP INITIATIVE
WITH THE PAKISTAN AMBASSADOR.

11. GULF'S WASHINGTON REPRESENTATIVE INFORMED DEPARTMENT
LATER THAT AMBASSADOR YAQUB KHAN HAD BEEN VERY ENTHUSIAS-
TIC IN HIS REACTION TO HANSEN'S REPORT ON OUTCOME OF
VISIT TO PAKISTAN, AND HAD VOLUNTEERED TO SEND A MESSAGE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 289641

TO ISLAMABAD ON HIS OWN INITIATIVE, REQUESTING INSTRUCC-
TIONS TO GO AHEAD AND INDICATE OFFICIALLY TO THE WORLD
BANK THE GOP'S INTEREST IN THE BANK'S PARTICIPATION. ROBINSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPLORATION, PETROLEUM, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE289641
Document Source: CORE
Document Unique ID: 00
Drafter: JPMULLIGAN::N
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760439-0541
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761113/aaaaalew.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUN 2004 by buchant0>; APPROVED <13 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF OIL EXPLORATION/DEVELOPMENT PROPOSAL
TAGS: ENRG, EINV, PK, US, IBRD
To: ISLAMABAD KARACHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006